

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS

C O N F I D E N T I A L STATE 077953

FOR DEPUTY ASSISTANT SECRETARY SOBER, USDEL PREPCON

FOLLOWING SENT SECSTATE WASHDC FROM ABU DHABI 05 APR 75:

QUOTE C O N F I D E N T I A L ABU DHABI 0710

FOR ASST. SEC. ATHERTON FROM AMBASSADOR

E.O. 11652: GDS

TAGS: OGEN, PFOR, AFSP, TC

SUBJ: ANNUAL POLICY ASSESSMENT

REF: STATE 2050

FOLLOWING DRAFTED PRIOR TO AMB.'S DEPARTURE FROM COUNTRY.

1. I TRUST THAT YOU WILL AGREE THAT OUR SERIES OF CABLES UNDER THE
HEADING QUOTE THE UNITED ARAB EMIRATES AT THE THREE-YEAR MARK
UNQUOTE (ABU DHABI 118, 174, 261 AND 276) FROM MID-JANUARY
TO EARLY FEBRUARY SATISFY THE BASIC REQUIREMENT FOR AN ANNUAL
POLICY ASSESSMENT FROM THIS POST. I BELIEVE THAT IN CONTENT THEY
REMAIN FULLY VALID, AND AS I LOOK AT THE REQUIREMENTS SET FORTH
IN 11 FAM 212.4 IT APPEARS TO ME THAT WE HAVE SATISFIED MOST.
THE ONE AREA WHICH WE DID NOT DEAL WITH CONCERNS FUNDING
REQUIREMENTS AND PROJECT STAFFING TO MEET THE OBJECTIVES WE SET
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FORTH. WE WILL ATTEMPT TO FILL THAT GAP WITH THIS MESSAGE.

2. IN BRIEF, WE DO NOT SEE NEED FOR MAJOR EXPANSION OF STAFF
AND HENCE FOR MAJOR BUILDUP IN BUDGET. CERTAIN INCREASES --

MOST NOTABLY THOSE INVOLVED IN OPENING DUBAI OFFICE -- HAVE BEEN GENERALLY RECOGNIZED AS VALID. AND, AT LEAST AS IMPORTANT, WE BELIEVE THAT DEPARTMENT MUST BE PREPARED TO CARRY THROUGH ON PROCESS OF BUILDING THIS POST UP ADMINISTRATIVELY SO THAT IT FUNCTIONS PROPERLY WITHIN ITS STAFFING LEVEL. USG MADE DECISION TO OPEN EMBASSIES IN GULF -- AND ANNOUNCED IT PUBLICALLY -- ON BASIS IMPORTANCE WHICH WE ATTACHED TO LOWER GULF AREA. SINCE THEN OUR ACTIONS IN TERMS OF BUDGET ALLOCATIONS, FBO SUPPORT AND LIKE HAVE OFTEN APPEARED AT ODDS WITH THAT DECISION. THIS MESSAGE THEREFORE PROJECTS BUDGET ALLOCATIONS WHICH ARE REALISTICALLY REQUIRED TO GET THAT PROCESS COMPLETED.

3. STAFFING: FOLLOWING ARE ANTICIPATED STAFFING PATTERNS FOR NEXT TWO FISCAL YEARS STARTING FROM PRESETNT BASES:

	FISCAL YEAR	AMERICANS	LOCALLY HIRED
A) STATE	75	13	11
	76	17	15
	77	17	15
B) USIS	75	1	3
	76	2	3
	77	2	3

4. EXPLANATION/JUSTIFICATIONS:

A) STATE -- (I) MAJOR INCREASE REFLECTED ABOVE INVOLVES OPENING OF EMBASSY OFFICE IN DUBAI. PRIME FOCUS WILL BE ON ECON/COMM WORK WITH ONE OFFICER (FSO 6/5) IN CHARGE OF OPERATION. BUT, WITH ROUGHLY TWO-THIRDS (UPWARDS OF 1,500) OF ALL AMERICANS RESIDENT IN UAE LOCATED IN DUBAI AREA, IT WOULD ALSO MAKE SENSE TO HAVE SECOND AMERICAN (STAFF OFFICER) WHO WOULD HAVE PART-TIME RESPONSIBILITY FOR PROTECTION AND WELFARE ASPECTS OF CONSULAR WORK AS WELL AS PERFORMING OTHER DUTIES. TWO AMERICANS WOULD BE SUPPORTED BY THREE LOCALS (RECEPTIONIST/SECRETARY, COMMERCIAL ASSISTANT, CONSULAR/ADMIN ASST.), THE MINIMUM CONTINGENT NECESSARY TO PROVIDE SUPPORT AND GIVE AMERICAN STAFF FLEXIBILITY NEEDED TO CONFIDENTIAL

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DO JOB. AS FOR JUSTIFICATION FOR OPENING DUBAI OFFICE IN FIRST PLACE, THERE IS LITTLE TO ADD TO WHAT POST, FS INSPECTORS, LIVINGSTON/WILEY REPORT AND ALMOST EVERYONE ELSE KNOWLEDGEABLE OF LOCAL SCENE HAS SAID BEFORE. DUBAI IS COMMERCIAL CENTER THIS COUNTRY AND WITH PROJECTED OIL INCOME OF BETWEEN THREE-QUARTER AND ONE BILLION DOLLARS FOR INDEFINITE FUTURE, WILL PRESENT MANY COMMERCIAL OPPORTUNITIES. THERE IS NO SUBSTITUTE FOR HAVING IN-PLACE-PRESENCE IF WE WISH OBTAIN FOR U.S. INTERESTS REASONABLE SHARE OF BUSINESS EMINATING FROM THAT CITY AND NEIGHBORING SHARJAH.

(II) OTHER STATE INCREASES ARE FOR UBU DHABI BUT ARE LIKEWISE NOTHING NEW. TWO ADDITION AMERICANS ARE TCU ASST (PROGRAMMED AND DUE EARLY FY 76) AND FULL-TIME STATE CONSULAR OFFICER TO

HANDLE EVER INCREASING LOAD IN THIS DEPARTMENT. ONE LOCAL POSITION INTENDED TO BRING ADMIN SECTION (CURRENTLY ONLY THREE LOCALS EXCLUDING DRIVERS) UP TO LEVEL NECESSARY PROVIDE SUPPORT FOR AMERICAN STAFF, WHICH, AS PROJECTED, WILL BE TRIPLE THAT OF FY 74, AS WELL AS TO PROVIDE CERTAIN SUPPORT FUNCTIONS FOR NEW POST IN DUBAI.

(III) WE HAVE NOT INCLUDED ANY PROJECTIONS FOR POSSIBLE TECHNICAL ASSISTANCE PERSONNEL, DESPITE IMPORTANCE WE ATTACH TO SUCH POSSIBILITY (PARA 6.E. OUR 276), SINCE WE CANNOT PREDICT WHEN MOVEMENT MIGHT OCCUR IN THIS AREA. MOREOVER, SINCE WE WOULD EXPECT SUCH ASSISTANCE TO BE TOTALLY REIMBURSABLE, WE DO NOT ANTICIPATE IN PLACING MAJOR ADDITIONAL BURDEN OR MORE THAN MINIMUM COST FACTOR ON EMBASSY. SIMILARLY, WHILE WE HAVE DRAFT FMS AGREEMENT IN MILL AND IT IS POSSIBLE THAT THIS WILL BE SIGNED SOON, WE BELIEVE VOLUME OF BUSINESS IN THIS FIELD (SOME MILITARY TRAINING, SUPPLY OF SOME EQUIPMENT) CAN BE HANDLED, AT LEAST IN INITIAL STAGE, BY EMBASSY'S PRESENT STAFF.

(B) USIS -- PROJECTIONS AS INDICATED ARE MODEST INDEED, INVOLVING ONLY THE ADDITION OF A MUCH NEEDED AMERICAN SECRETARY/ADMIN. ASST. WE MUST QUICKLY ADD, HOWEVER, THAT STAFFING PATTERN AS SHOWN IS SUBJECT TO CONSIDERABLE ALTERATION IF CURRENT NEGOTIATIONS WITH UAEG RE OPENING ENGLISH LANGUAGE CENTER (ELC) ARE SUCCESSFUL. WHILE DETAILS OBVIOUSLY DEPEND ON RESULTS OF NEGOTIATIONS, ELC WOULD PROBABLY INVOLVE ADDITIONAL AMERICAN POSITION (DIRECTOR OF COURSES) AND THREE LOCAL EMPLOYEES IN ADDITION TO SIX AMERICAN TEACHERS WHO, WHILE EXPECTED TO BE FUNDED BY CONFIDENTIAL

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UAEG, WILL NEVERTHELESS REQUIRE SUPPORT OF ONE KIND OR ANOTHER FROM EMBASSY. WITH PROSPECTS FOR ELC STILL IN DOUBT, HOWEVER, WE HAVE NOT INCLUDED ITS STAFFING IN OUR PROJECTIONS.

5. BUDGET: FOLLOWING ARE BUDGET PROJECTIONS FOR NEXT TWO FISCAL YEARS WITH PRESENT LEVELS AGAIN INDICATED AS BASE:

FISCAL YEAR	STATE	USIS	TOTAL
75	\$ 419,325	\$100,801	\$ 520,126
76	1,224,000	165,000	1,389,000
77	879,000	180,000	1,059,000

NOTE: NO FIGURES ARE INDICATED FOR SHARED COSTS SINCE EMBASSY HAS NOT BEEN OPERATING TO DATE UNDER FULL SAS AGREEMENT AND HAS NO BREAKDOWN OF SUCH EXPENDITURES. USIS FIGURES AGAIN DO NOT INCLUDE INCREASES WHICH WOULD BE INHERENT IN ESTABLISHMENT OF RWC. THESE COULD BE AS MUCH AS \$66,000 DEPENDING ON NATURE OF AGREEMENT AND HOW STAFFING HANDLED (THERE WOULD THEN BE BALANCING SAVINGS ON OTHER USIS COSTS, HOWEVER, -- SEE BELOW).

6. EXPLANATION/JUSTIFICATION:

STATE - SIZEABLE INCREASE FROM FY 1975 EXPLAINED BY SEVERAL FACTORS. (A) FIRST, FY 1975 BASE IS VERY MISLEADING SINCE THIS IS ALLOCATION GIVEN TO ABU DHABI, NOT FIGURE WHICH WE BUDGETED; NAMELY, \$565,951. AS WE HAVE STATED IN NUMBER OF MESSAGES (E.G. ABU DHABI 371) FUNDS PROVIDED FOR FY 1975 HAVE NOT BEEN ADEQUATE TO CARRY OUT OUR MISSION CONSISTENT WITH POLICY STATEMENTS RE IMPORTANCE WE ATTACH TO GULF AND DECISION TAKEN TO ELEVATE THESE POSTS TO STATUS FULL EMBASSIES. OUR PROJECTIONS FOR FY 76, THEREFORE, AGAIN REFLECT WHAT WE BELIEVE REQUIRED TO ACHIEVE STATED OBJECTIVES. (B) SECOND FACTOR IS OPENING POST IN DUBAI WHICH WE ESTIMATE TO COST \$90,000. AGAIN, WE BELIEVE THIS ESTIMATE TO BE CONSERVATIVE. THERE IS MINIMUM LEVEL AT WHICH DUBAI OFFICE MUST BE SUPPORTED IF IT IS TO BE WORTHWHILE OPENING IT AT ALL. SOME EXPENDITURES (E.G. HOME AND OFFICE FURNISHINGS) ARE ESSENTIALLY ONE-TIME AFFAIRS, BUT COSTS FOR RENT, LOCAL SALARIES, ETC. IN DUBAI AS ELSEWHERE IN UAE ARE HIGH. (C) ADDITIONAL POSITIONS IN EMBASSY ITSELF WILL COST APPROXIMATELY \$33,000. (D) NEW RESIDENCE AND CHANCERY. AS CONFIDENTIAL

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STATED IN EARLIER SERIES OF CABLES WHICH FORM PART THIS ASSESSMENT, IMAGE WHICH US PROJECTS HERE INCLUDING QUALITY OF ITS OFFICE SPACE AND RESIDENCE FOR ITS CHIEF REPRESENTATIVE, IS KEY ELEMENT IN OUR BILATERAL RELATIONS. PRESENT RESIDENCE AND CHANCERY FAIL TO MEET THESE STANDARDS. NEED TO UPGRADE RESIDENCE HAS BEEN RECOGNIZED BY ALL AND HAS BEEN SUBJECT MUCH EFFORT FOR LAST NINE MONTHS. RESULT THIS EFFORT HAS BEEN THAT, AS PER STATE 69990, LEASING QUARTERS IS ONLY OPTION FOR PRESENT, AND IN HOPES WE CAN FIND SUITABLE HOUSE, WE BUDGETING \$54,000 FOR THIS PURPOSE. AS FOR CHANCERY, WE CAN MANAGE FOR PRESENT, BUT AS FS INSPECTORS NOTED LAST SUMMER, THIS A TEMPORARY SITUATION -- A NEW CHANCERY IS A MUST. AS PER STATE 69990, THERE IS NO POSSIBILITY FBO HAVING FUNDS FOR THIS PURPOSE FOR NEXT TWO YEARS. WHILE WE MUST APPARENTLY ACCEPT THIS FACT, WHAT WE NEED TO HAVE NOW IS FIRM DECISION FROM FBO THAT SUCH FUNDS WILL BE SOUGHT IN FY 78. IF SUCH DECISION TAKEN, WE CAN PROCEED ON BASIS LIVING WITH PRESENT CHANCERY FOR THE FIVE YEARS IT LIKELY BE BEFORE NEW FACILITY ACTUALLY COMPLETED. BUT LACKING SUCH DECISION, WE BELIEVE WE SHOULD BEGIN IN FY 76, WHEN PRESENT LEASE RUNS OUT, TO LOOK FOR NEW RENTAL WHICH WILL PROVIDE FOR SUITABLE CHANCERY OVER EXTENDED PERIOD -- I.E. NEXT TEN YEARS. THIS WILL BE EXPENSIVE -- OUR BUDGET PROJECTION INCLUDES \$410,000, COVERING BOTH TWO YEARS' RENTAL AND RESTORATION OF PRESENT SPACE TO ORIGINAL CONDITION. TO MOVE ON THESE LINES STRIKES US AS FAR LESS SENSIBLE THAN HAVING FBO MAKE UP ITS MIND TO BUILD ON LAND THAT HAS ALREADY BEEN DESIGNATED FOR US. BUT IF THIS IS IMPOSSIBLE, THEN WE SHOULD NOT DELAY IN MAKING MOVE WHICH WILL ONLY BECOME MORE EXPENSIVE AS IT BECOMES MORE ESSENTIAL. (E) FINALLY, THERE ARE THE INFLATION AND EXPERIENCE FACTORS. INFLATION IS RUNNING WELL ABOVE 10 PERCENT (MIDDLE EAST ECONOMIC SURVEY RECENTLY CITED 26.5 PERCENT AS RISE IN COSTS OF UAE IMPORTS --

AND HERE EVERYTHING IS IMPORTED). AS FOR EXPERIENCE, WE ARE ONLY
NOW BEGINNING TO BE ABLE TO ESTABLISH QUOTE GOING RATE UNQUOTE
IN CORPORATING MORE ITEMS WHICH, AS NEW POST, WE HAVE
FOUND OURSELVES EITHER UNDERESTIMATING OR FORGETTING ALTOGETHER.
(F) AS FOR FY 77, DECREASE IS DUE TO ONE-TIME NATURE OF SOME OF
COSTS CONNECTED WITH CHANCERY MOVE AND TWO-YEAR
RENT WHICH WOULD HAVE
TO BE PAID IN FY 76. INCREASE IN OTHER COSTS HAVE BEEN LIMITED TO
CONTINUED APPLICATION OF INFLATION AND OTHER SLOW GROWTH FACTORS.
USIS - MAJOR SHARE OF INCREASE SHOWN INVOLVES MOVE TO NEW
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OFFICE SPACE WHICH WOULD BE REQUIRED IF ELC DOES NOT MATERIALIZE.
PRESENT LOCATION IS SIMPLY NOT LARGE ENOUGH FOR WIRELESS FILE
OPERATION, COMMERCIALY ORIENTED LIBRARY, STUDENT COUNSELING, AND
TOTAL OF FIVE EMPLOYEES CARRYING ON CROSS SECTION USIS FUNCTIONS.
FIGURES OF \$40,000 COVERING MORE AND TWO YEARS' RENT IS REALITY
IN ABU DHABI. OTHER COSTS IN SUPPORT NEW SECRETARIAL POSITION
REQUIRE LITTLE JUSTIFICATION. QT ELC COSTS ARE INCLUDED, BUDGET
REQUIREMENTS GO UP BUT INCREASE LIKELY BE ONLY IN VICINITY
\$25,000 SINCE WITH PRESSURE ON PRESENT CENTER GREATLY
EASED, MOVE WOULD NOT BE REQUIRED. KEY POINT, HOWEVER, -- EVEN
THOUGH NOT STRESSED IN OUR EARLIER CABLE SERIES -- IS THAT
WHOLE RANGE OF PEOPLE-TO-PEOPLE PROGRAMS, EXCHANGES BETWEEN
U.S. AND UAE, IS MAJOR OBJECTIVE HERE, NOT ONLY FOR ITSELF
BUT FOR ITS IMPACT ON ALMOST ALL ELSE WE DO. AS HAS BEEN
RECOGNIZED FOR SEVERAL YEARS -- WELL BEFORE ESTABLISHMENT
INDEPENDENT USIS OPERATION IN UAE -- ELC IS EXCELLENT VEHICLE
FOR FURTHERING THIS EFFORT IN COUNTRY SUCH AS THIS WERE TOTAL
EDUCATIONAL EXPERIENCE IS IN MOST CASES LESS THAN TWENTY YEARS
OLD. THEREFORE, HOWEVER, COSTS FOR ELC WORK OUT, WE BELIEVE
THAT IT WILL BE MONEY WELL SPENT. PEALE UNQUOTE INGERSOLL

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